

Part 2A

Item 1—Cover Page

OPTIMAL ASSET MANAGEMENT, INC.

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This Brochure provides information about the qualifications and business practices of Optimal Asset Management, Inc. (the "Adviser"). If you have any questions about the contents of this Brochure, please contact the Adviser at (650) 472-1187. The information in this Brochure has not been approved by the U.S. Securities and Exchange Commission ("SEC") or by any state securities authority.

Optimal Asset Management, Inc. is registered as an investment adviser with the U.S. Securities and Exchange Commission. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an investment adviser provide you with information with which you can determine whether to hire or retain an adviser.

Additional information about the Adviser is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2—Material Changes

This is the Adviser's amended filing on Form ADV. This Item 2 discusses specific material changes that are made to this brochure, since the last filing on March 30, 2017.

We will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days after the close of our fiscal year. We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting us at the telephone number on the cover page or info@optimalam.com.

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Item 4—Advisory Business

A. Description of the Company

Optimal Asset Management, Inc. is a Delaware C-Corporation. The firm was founded in June 2012 by Vijay Vaidyanathan, who is the CEO and a principal owner. We provide sub-advisory and investment advisory services to private investment funds, investment managers, pooled investment vehicles, as well as trusts, qualified retirement plan sponsors and other business entities. We are a fee-only firm and we recognize a fiduciary duty to each of our clients to act in their best interests at all times.

B. Types of Investment and Advisory Services Offered

We offer two advisory platforms:

1. Separately managed accounts (SMAs);
2. Private investment fund partnerships (i.e., long-only or long-short funds)

Our investments at this time are limited to publicly-traded equities. We specialize in quantitatively driven, broadly-diversified equity models based on factor investing theory and systematic, rules-driven implementation.

Both the SMAs and partnerships will be managed simultaneously by Optimal Asset Management, Inc. Each SMA generally will have its own investment objectives and the trading strategy will differ accordingly.

We currently do not offer a private investment fund (as of 3/31/16), but may launch a new fund that reflects our factor-based philosophy in the near future.

Though not part of our advisory service, Optimal Asset Management provides access to Factor Allocator as a Smart Beta investing tool for advisors and other professional investors. This is a data analysis tool designed to help investment professionals educate themselves about how to implement factor investing in their core portfolios. This tool allows users to make investment decisions.

Optimal Asset Management provides licensing for Factor Allocator to certain industry partners which are not deemed to be advisory clients of the firm.

C. Scope of Services

Separately Managed Accounts: Our SMAs are tailored to meet the specific needs of individual clients. SMA clients may impose restrictions on investing in certain securities or types of securities. Other restrictions may be imposed by SMA clients with respect to leverage, concentration, absolute risk, tracking

error, and trading/rebalancing frequency, among other aspects. Certain strategies are better geared for a defensive investor who is looking for a lower-volatility implementation with a respective universe, and certain strategies may be geared for an investor who has a certain view on factors, and uses us to help them express that factor viewpoint.

D. Wrap Fee Programs

We do not participate in wrap fee programs.

E. Assets Under Management

The Advisor is an investment advisory firm. It is registered with the SEC. As of December 31, 2017, we had \$739,599,461 in discretionary assets under management.

Item 5—Fees and Compensation

A. Types of Compensation

Separately Managed Accounts: The fees for the separately managed accounts (SMA's) are based on customer- specific negotiations/customization requirements, but are generally a certain fixed percentage of AUM (with a minimum fee), on a sliding scale for increased AUM with each client.

Though not part of our advisory service, Optimal Asset Management provides access to Factor Allocator as a Smart Beta investing tool for advisors and other professional investors. This tool is currently offered free for advisors and other professional investors, but Optimal may choose to charge for this tool in the future.

Optimal Asset Management provides a fee-based license for Factor Allocator to certain industry partners which are not deemed to be advisory clients of the firm.

B. Method of Billing

Separately Managed Accounts: Fees are generally calculated quarterly and paid quarterly based on the market value of the account at the end or as an average of the previous quarter. Exceptions are made to the published fee schedule under certain circumstances pursuant to a negotiated fee agreement with the client.

We follow the following process for our clients' protection:

- Each client account is separately held by a "qualified custodian;"
- The custodian sends statements no less frequently than quarterly showing all disbursements from the account, including the amount of the advisory fee; and
- Each client receives an invoice from us with sufficient details to enable them to confirm the amounts and directly pay us on these terms.

Either the client or Optimal Asset Management may terminate the investment advisory agreement at any time by providing written notice to the other party. Full refunds will only be made in cases where cancellation occurs within five days of signing our investment advisory agreement. After five business days, clients will receive a pro-rata refund.

C. Other Fees and Costs

In addition to the management fee set forth above, separately managed account clients may pay some or all of the following costs and expenses to third parties:

Custodial Fees: All custody costs and expenses are charged by the custodian to the account.

Exchange Traded Fund Costs: In certain strategies, the Advisor may utilize exchange-traded funds (ETFs) in the portfolio. In this circumstance, the ETF provider's expense ratio will be paid by the client as well.

Transaction costs: Separately-managed account clients pay all commissions, bid-ask spreads, mark-up 's and similar transaction costs which may be incurred in connection with the purchase and sale of individual securities.

D. Return of Unearned Management Fees

When an investment advisory agreement commences or terminates between an account's regular valuation dates, a pro rata adjustment is made with respect to the management fee for the partial period. We have not ever received payment from a client in advance, but if that were the case, upon termination of any account, any prepaid,

unearned fees would be promptly refunded.

E. Compensation from the Sale of Investment Products

We do not accept compensation or commissions for the sale of securities or other investment products.

Item 6—Performance-Based Fees and Side-by-Side Management

Clients who invest in a partnership generally pay an annual performance fee based on the partnership's new profits. Performance-based fees are fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a client like a partnership). Currently, with the liquidation of the Prism Quant Fund I, the company does not advise to any partnerships, and therefore maintains no performance-based fee accounts.

Performance based fee arrangements may create an incentive for us to make investments which may be riskier or more speculative than those which would be made under a different fee arrangement.

Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing those that are not charged performance-based fees. We currently do not manage any accounts with a performance-based fee; the separately-managed accounts are not performance-based.

Item 7—Types of Clients

We provide investment services to individual and institutional investors including, for example, clients of Registered Investment Advisors, individuals, corporate pension plans, foundations and endowments.

Item 8—Methods of Analysis, Investment Strategies and Risk of Loss

- A. Our investment strategy with our clients generally begins with a thoughtful interaction to discuss existing and desired risk factor exposures of the client. In certain cases, we will utilize our software tool, Factor Allocator™. Factor Allocator™ enables an institutional investor or a Registered Investment Advisor to understand his/her existing factor exposures, target vulnerabilities in the factor profile presented by a manager or set of managers, and target complementary or replacement strategies, through a portfolio vehicle consisting of long-only equity portfolios. We make clear that investing in securities involves risk of loss that clients should be prepared to bear.
- B. Given the specific universe and size of the amount contemplated, we build a portfolio with the capacity, rebalancing, and tracking error constraints required to meet our client's objectives. Generally, we refer to these portfolios as "Factor Portfolios". We do not trade frequently, but when we do rebalance, generally on a quarterly basis, there is a moderate degree of turnover on that rebalance date. High turnover can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

It is important to note that the performance of our equity investments are subject to numerous factors, which are neither within the control of, nor predictable by, Optimal Asset Management or our portfolio managers. These factors include a wide range of economic, political, competitive and other conditions which may affect investments in general or within specific industries or companies. For example, an economic contraction, a geopolitical event, or a dramatic rise in inflation or interest rates are all factors that can negatively impact equity securities.

Item 9—Disciplinary Information

A through C. We have no legal or disciplinary events to report involving Optimal Asset Management, Mr. Vaidyanathan or any other members of the Optimal Asset

Management staff.

Item 10—Other Financial Industry Activities and Affiliation

A through D. Our company and our management persons have no other financial industry affiliations or activities to report.

Item 11—Code of Ethics

We have adopted a code of ethics ("Code of Ethics") describing our high standard of business conduct and fiduciary duties to our clients. As a fiduciary, we have a responsibility to act solely in the best interest of each of our clients at all times. This fiduciary duty is considered the core principle for our Code of Ethics.

The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things.

Subject to satisfying the Code of Ethics and applicable laws, our officers and employees may trade for their own accounts in securities which are purchased for our clients. However, no employee trading in any of these securities is allowed during any periods in which the Company is aware of pending trades, or in the midst of a rebalance, pertaining to any of its clients' portfolios. Among other things, our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in our clients' best interest and (ii) implementing the decisions while, at the same time, allowing employees to invest for their own accounts. Because the Code of Ethics in some circumstances permits employees to invest in the same securities as clients, there is a possibility that employees might benefit inadvertently from market activity by a client in a security held by an employee.

One may request a copy of our Code of Ethics by contacting us at the telephone number on the cover page.

Item 12 – Brokerage Practice

- A. We receive no research or other soft dollar benefits from any of our broker-dealers.

We also do not receive any client referrals from any broker-dealers.

We do not require, request, or recommend that a client direct us to execute transactions through a specified broker-dealer.

In certain cases, an institutional client may prefer to use a broker of their choice. In these cases, we have reviewed the commissions charged and the quality of executions and are comfortable with the brokers chosen by our clients in these instances.

We do not currently aggregate the purchase or sales of our securities for various client accounts. There has been no cost to not aggregating orders, because we generally enter orders during non-trading hours to be executed at the market open, and so there is no detrimental impact of non-aggregation. Our cost of execution is the same in either case.

Item 13—Review of Accounts

- A. Vijay Vaidyanathan and Monty Joshi review our securities transactions and portfolios on a continuous basis.

C. We, or our trading partner, if applicable, provide quarterly reports to each client, which includes a performance report and consolidated inventory or the investments upon which we exercise investment discretion. Monthly or quarterly statements from the account custodian(s) are sent to each separate account client directly from the corresponding brokers, banks, mutual funds, etc., which hold the client's investments. These statements disclose the assets in the custodian's custody.

We strongly encourage you to review the monthly or quarterly account statements you receive from custodians.

Item 14—Client Referrals and Other Compensation

Client Referrals: We do not now, but may in the future, engage the services of independent solicitors. If a client is referred to us by a solicitor, this practice will be disclosed to the client in writing by the solicitor. In these cases, we would intend to pay the solicitor out of our own funds - specifically, we would pay the solicitor a portion of the fees we earn for managing the capital of the client or

investor that was referred.

The Advisor does not receive any other compensation for its services that is not disclosed herein.

Item 15—Custody

Custody means holding, directly or indirectly, client funds or securities or having any authority to obtain possession of them. The SEC and the State of California have rules and regulations which are designed to safeguard client assets. We follow the rules of the SEC, which require us to follow the following procedures:

Custody: Separately Managed Accounts

Maintain Accounts with Qualified Custodians: We have all client funds and securities, except shares of mutual funds, maintained by a "qualified custodian" (i.e., a bank, registered broker-dealer) in separate accounts for each client. Although we may recommend a custodian, the client may choose its own. Shares of mutual funds and exchange traded funds are held by the fund's transfer agent.

Periodic Account Statements: Each custodian furnishes account statements to our clients no less frequently than quarterly. This statement, at a minimum, identifies the amount of funds and of each security in the account at the end of the quarter and all transactions in the account during the quarter.

Item 16—Investment Discretion

We manage separate accounts on a discretionary basis and generally allow for limitations to be placed on our investment authority provided they are contained in the signed investment advisory agreement.

Item 17—Voting Client Securities

For those circumstances when our separate account institutional clients grant us the direct authority to vote proxies, the Firm has retained Broadridge ("Broadridge") to assist in the proxy voting process. Monty Joshi manages

the Firm's relationship with Broadridge and ensures that all proxies are voted according to clients' specific instructions and the Firm's general guidance. Broadridge will also retain certain required documentation associated with proxy voting.

In our individual client relationships, clients receive their proxies directly from the custodian or transfer agent.

You can obtain a copy of our proxy voting policy and a record of votes cast by us on behalf of clients by contacting us at the address on the cover page.

Item 18—Financial Information

We do not require or solicit prepayment of any kind from our clients.

Optimal Asset Management, Inc. has no financial commitments that impair our ability to meet contractual and fiduciary commitments to our clients, and we have never been the subject of a bankruptcy proceeding.

Item 19 – Requirements for State Registered Advisors

We are not registered with any states.

